

FINAL ALTERNATIVE ASSESSMENT

Examination Paper

(COVER PAGE)

Session	:	<u>August 2021</u>
Programme	:	<u>Diploma in Business (DIB) Diploma in Entrepreneurship (DENT)</u>
Course	:	<u>ENT2102 : Franchising Fundamentals</u>
Start Time	:	<u>December 8, 2021 (Wednesday) @ 12.00pm</u>
End Time	:	<u>December 9, 2021 (Thursday) @ 12.00pm</u>
Duration	:	<u>24 Hours</u>
Special Instructions	:	
		<u>Answer ALL questions.</u>
Materials permitted	:	<u>Nil</u>
Materials provided	:	<u>Nil</u>
Examiner(s)	:	<u>Nurhidayah Khalid, Fauziah Din and Kathleen Elaine James Bagah</u>
Moderator	:	<u>Edi Hezri Hairi</u>

This paper consists of 5 printed pages, including the cover page

DIPLOMA IN BUSINESS PROGRAMME (DIB)
DIPLOMA IN ENTREPRENEURSHIP PROGRAMME (DENT)
ENT2102: FRANCHISING FUNDAMENTALS
FINAL ALTERNATIVE ASSESSMENT: AUGUST 2021 SESSION

Instructions: This section consists of **TWO (2)** situation based questions. Answer **ALL** questions.

Situation 1

Scooter's Coffee

Seeing the success of the specialty-coffee industry in California, Don and Linda Eckles returned to their Midwestern roots and opened their first drive-thru coffeehouse in 1998 in Bellevue, Nebraska. They began franchising Scooter's Coffee in 2001. Scooter's Coffee also offers organic hot and iced teas, single-origin coffee, cold brew, and pastries. Scooter's Coffee was also the winner of the Franchise Times Zor Award in the Get Caffeinated category.

Amazing People, Amazing Drinks... Amazingly Fast. Combining coffeehouse quality with drive-thru speed, their franchise focus is on fast and friendly coffee. Their drive-thru coffee kiosks are built to serve as many customers as possible, as quickly as possible. That means more money for all their franchisees.

Scooter's Coffee has over 300 locations with another 140 slated to open in 2021 alone. Scooter's Coffee is projecting 1,000 locations by 2024. There are currently have available territories in 28 states across the U.S.

Scooter's Coffee offers two build out models: the drive-thru coffee kiosk and drive-thru coffeehouse. With the importance of site selection, they don't leave anything to chance. The Scooter's Coffee real estate team will analyze years of sales data to ensure optimal site selection in the selected market and work hand in hand with franchisee throughout the entire build out process.

Scooter's Coffee also take pride in the continuous support by providing franchisees even after they open. From training to marketing to product innovation, Scooter's Coffee never stop strengthening their system and resources. Scooter's Coffee believe in high quality products, not just for their customers, but for their franchisees as well. When franchisees join Scooter's Coffee, they will have a whole team of industry experts to help franchisees to succeed.

In fact, Scooter's Coffee feel so strongly about having high quality products, Scooter's Coffee has built its own distribution company, Harvest Roasting. The centralized supply company elevates the economies of scale provided by buying supplies for the entire system. Scooter's Coffee are looking for people with an interest in growing the Scooter's Coffee brand. Candidates are required to have a minimum net worth of \$500,000 with liquid assets of \$100,000. No previous business ownership required.

Questions

Answer all the questions. All answer must be supported with relevant data, statistics and information that are appropriate.

1. If you decided to open Scooter's Coffee franchise in Malaysia, explain the **FIVE (5)** franchise conditions you need to look upon before deciding to sign the franchise agreement.
(20 marks)

2. Discuss **TWO (2)** types of franchising arrangement that is suitable for Scooter's Coffee franchisee in Malaysia. Provide appropriate reasons.
(10 marks)

3. If Scooter's Coffee decided to franchise their business to Malaysia, discuss **FOUR (4)** strategies that can be used for their international franchising into Malaysia. Include appropriate examples to support your answer.
(20 marks)

Situation 2

Wetzel's Pretzels

Armed with a vision and a tasty recipe for soft pretzel perfection, Bill Phelps and Rick Wetzel opened the first Wetzel's Pretzels bakery in Redondo Beach, Calif., in 1994. Long lines of hungry customers soon formed, attracted by mouth-watering soft pretzels that were hand-rolled, baked fresh and served hot from the oven. As word spread about these golden-on-the-outside pretzels, the company added additional offerings to its menu.

Today, Wetzel's Pretzels has grown to more than 340 fresh bakeries across the United States and around the world, including premier locations at Disneyland Resort and Walt Disney World Resort.

Wetzel's Pretzels are ideal for franchisee looking for a simple business that is easy to start, easy to run, easy to scale and proven profitable. Wetzel's Pretzels fit into any twist or turn with flexible designs for a variety of location needs including malls, food trucks, Walmart locations, C-stores, transit hubs and tourist areas.

As a Wetzel's Pretzel's franchisee, you will receive LEAD award-winning training virtually or at our corporate headquarters. Not only that, but their Field Business Managers are your "boots on the ground" and provide you with personalized support to help you perfect your product, your operations, and your business. Franchisees have easy access to Wetzel's Pretzels senior leadership for individualized support long after you have gotten rolling with a Wetzel's franchise. Additionally, Wetzel's Pretzels seasoned

real estate team will work with you to find the best real estate opportunity and we offer world class training at Wetzel's Pretzels corporate headquarters and ongoing annual training & support around operations, customer service, sales & marketing, P&L and management.

In an exclusive interview with Nation's Restaurant News, Schuler the CEO of Wetzel's Pretzels also said she plans to add about 25 to 30 new units in 2024 with a focus on premium shopping center locations and non-traditional venues such as airports and stadiums. However, Wetzel's Pretzels is not backing away from its mall roots. Schuler added, "We continue to believe in malls, and will grow in malls. As people talk about malls dying, we see that as oversimplification."

As part of Wetzel's Pretzels future plan, the chain introduce a sleek prototype concept at the remodeled Westfield Garden State Plaza in New Jersey. Wetzel's Pretzels introduced the bolder design to about 40 new and existing stores including a remodeled store in Downtown Disney. The California-inspired redesign features large-scale murals capturing scenes from Southern California, new tile work, custom-made "pretzel" door handles, and an enhanced exhibition counter showcasing the handmade pretzel-making process.

As for menu innovation, Schuler said to expect a few new products that focus on snacking and fresh food trends. She declined to name specific food products but did reveal plans to introduce a new frozen lemonade beverage in the summer. Schuler said that the chain was also looking to add digital ordering options to meet the on-demand movement. Tests will involve delivery, ghost kitchens, and mobile ordering and pickup. The pickup option, Schuler said, would be "perfect" for mall settings as many customers tend to be retail employees looking for a quick bite to eat on breaks.

Questions

Answer all the questions. All answer must be supported with relevant data, statistics and information that are appropriate.

4. Discuss any **TWO (2)** benefits for Wetzel's Pretzels franchisees and **TWO (2)** benefits for Wetzel's Pretzels franchisor along with relevant example.

(20 marks)

5. Discuss **TWO (2)** types of franchising support and assistance provided by Wetzel's Pretzels to all their franchisees with relevant examples.

(10 marks)

6. Explain **TWO (2)** barriers that are likely to be faced by Wetzel's Pretzels in their international expansion process into international market.

(10 marks)

7. Discuss with relevant examples, any **TWO (2)** types of franchising marketing that are required by Wetzel's Pretzels as a franchisor to all their local and international franchisees.

(10 marks)

~THE END~

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